



COOP BIG 5 FALSE BAY WIN CHAMPION

AUDITED
Financial Statements

For the year ending

30 June 2006

False Bay Municipality

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GENERAL INFORMATION

MEMBERS OF THE COUNCIL

MAYOR/SPEAKER : Councillor C.T. Khumalo

Councillors :
G.J. Mthethewa
F.Z. Nkwenyana
M.H. Mkhize
K.C. Msimbi
M.A. Mtshali
P.M. Mdluli

Retired Councillors :
C. Moodley (Mayor)
C.T. Khumalo
B.D. Nsukwini
Z. Ndlovu
F. Zulu
N.H. Zikhali
S. Gumbi

GRADING OF THE LOCAL AUTHORITY

Grade 1

AUDITORS

Auditor - General: Durban

BANKERS

First National Bank of South Africa Limited, Main Street, Hluhluwe

REGISTERED OFFICE

163 Zebra Street
Hluhluwe
3960

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Hluhluwe
3960

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The annual financial statements set out on pages to were approved by the Municipal Manager on 31 August 2006 and will be presented to the Council on 28 September 2006


MUNICIPAL MANAGER
MA MINGADI


CHIEF FINANCE OFFICER
NM NEL



MAYOR'S FORWARD

The year under review was demanding and stressful for the Councillors and officials of The Big 5 False Bay Municipality as the timetable for the Integrated Development Plan and the Budget preparation process had to be revised to cater for the municipal elections that took place during March 2006. The implementing of the IDP will remain a serious challenge for our municipality as finance and human resources remain a major problem.

In addition, the deadlines for certain parts of the implementation of the Municipal Finance Management Act were introduced during the year and with the limited human resources that we face it created a strain on the existing officials. The capital budget was limited to local development projects which were funded from revenue. Each ward received R 50 000.00. The Municipal Infrastructure Grant was not allocated to this municipality this year which effected a much needed service delivery in the area.

The function of water and sewerage was handed over to the district municipality during the year. Eventhough this took place we provided a water tanker as well as a number of JoJo water tanks to the community who were in desperate need of water due to the continuing drought experienced in the area.

We took preventative measures of a disaster from occurring at the sewerage ponds. With all the flash rain that was received the sewerage ponds overflowed. We immediately reported that matter to the district municipality and had a service provider undertake a feasibility study to determine the extent of the damage and to recommend remedial action.

The municipal elections took place on 01 March 2006 and we noted a radical change in the election of Councillors. The new members of the council are:-

Mayor Councillor C.T. Khumalo (IFP)
Councillor G.J. Mthethewa (IFP)
Councillor F.Z. Nkwanyana (IFP)
Councillor M.H. Mkhize (ANC)
Councillor K.C. Mcambi (IFP)
Councillor M.A. Mshali (ANC)
Councillor P.M. Mdluli (IFP)

The new councillors received training during April 2006 on local government issues which was undertaken by Salga. Continued training will be given to Councillors to ensure that knowledge and skills are transferred quickly to tackle the challenges of service delivery in local government.

I like to take this opportunity to thank the community, fellow Councillors, the district municipality and officials for the co-operation, patience and good governance during the year.



C.T. Khumalo
MAYOR

CHIEF FINANCIAL OFFICER REPORT

1) INTRODUCTION

These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Financial Officers in its Code of Practice (1992) and the Report on the Standardisation of Financial Statements of Local Authorities (4th Edition), as amended.

These statements for the year ending 30 June 2006 are to the best of my knowledge a fair presentation of the Council as at the above date and the results of its operation for the year then ended.

During the year the water and sewerage functions were handed over to the district municipality. Hand over of account balances regarding these services were handed over to the UDM in December 2005. This process was to have been done as at July 2005, however was only handed over in December. The budget therefore does not provide for revenue from these services as can be seen in appendix D of the financials.

The municipality did not receive a MIG grant and as a result was limited to capital infrastructure undertaken and service delivery. The loans inherited from the defunct Umskeel Municipal Services are in the process of being submitted to the Minister for consideration to write-off. No payments have been made.

The Phumleni low cost housing project is still not resolved. The Housing department has not engaged the municipality in the project and therefore certain entries recorded on the financials remain unresolved. This includes the Umskeel Capital underfunding of R 696 902.00 and subsidies received in advance of R 1 160 283.00 against these loans.

The outstanding consumer debtors have been reduced from R 4 441 271 (2005) to R 1 734 679 (2006). The reduction is mainly attributed to the collection of outstanding rates and services from state departments and the write-off of R 1 679 087 from the low cost housing debtors of Phumleni. The Mayor and the Councillor responsible for this area have informed the community of the write-off, provided commitment is made to start paying for rates and services by the residents. A request was made at the same time, that those not able to pay for rates and services, follow the necessary route by applying for indigent relief.

The resolution for the write off of Phumleni debtor accounts was done towards the end of the financial year and this amount was not anticipated at the start or revision period of preparing the 2005/2006 budget. Amounts written off on these accounts relating to prior years, have been allocated to bad debts (R1773977.88). In addition, an amount of R2161005.00 was written off to bad debts regarding a debtor balance of Phumleni - (a take on balance with the dissolution of the former Umskeel) - which is considered irrecoverable.

The net results for the financial year excluding this write off amounted to: R 327 267 00 surplus.

Bad debts: R3 534 983.00

Additional appropriations amounted to: R69 905.92

As at 30 June 2006, the accumulated deficit now amounts to: R2 384 216 05

2) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2006 are as follows -

INCOME	Actual 2004/05 R	Actual 2005/06 R	Variance Actual/ Budget %	Budget 2006 R	Variance Actual/ Budget %
Opening Surplus	693,838	753,592			
Operating Income for the year	6,108,601	7,915,280	30%	13,472,450	-41%
Sundry Transfers	(17,494)	69,905			
	6,784,945	8,738,777		13,472,450	
EXPENDITURE					
Opening Deficit					
Operating Expenditure	6,031,353	11,122,995	46%	13,472,450	-17%
Closing Surplus(deficit)	753,592	(2,384,218)			
	6,784,945	8,738,777		13,472,450	

3) CAPITAL EXPENDITURE AND FINANCING

CAPITAL EXPENDITURE	Actual 2005/06	Budget 2005/06	Actual 2004/05
Rates & General services	167,566	390,000	781,011
Water			8,510
	167,566	390,000	789,521
FINANCING OF THE FIXED ASSETS			
Loans Redeemed			
Contributions from Current Income	167,566	390,000	196,343
Grants and Subsidies			593,178
	167,566	390,000	789,521

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

4) EXTERNAL LOANS, INVESTMENTS AND CASH

External Loans outstanding on 30 June 2006 amounted to R 4 082 412 as set out in appendix B. No loans were repaid during the current year.

Investments amounted to R 8 403 149 on 30 June 2006.

The bank balance amounted to R 27 695 as at 30 June 2006.

More information regarding loans and investments is disclosed in notes 4 and 7 and appendix B to the financial statements.

5) FUNDS AND RESERVES

The Capital Development Fund has increased from R 725 446 to R 1 012 415. No advances were made. Contribution of R 240 000 was made and interest earned R 162 545.

More information regarding funds and reserves is disclosed in notes 1 to 3, 26 and appendix A to the financial statements.

6) DISCLOSURES

Refer to Section 124 and 125 of the Municipal Finance Act, 2003. No monies were owing by Councillors to the Municipality.

A register has been introduced to record 3rd party transactions, which is maintained by the Municipal Manager's Personal Secretary.

The Cashier was charged for the theft of funds which disappeared in the 2004/2005 financial year. The disciplinary hearing resulted in the cashier being dismissed and the outstanding cash was recovered.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councilors, the Municipal Manager and Head of Departments for their support during the past year. A special word of thanks to the staff of the Treasury and Budget Office for their support and loyalty.



CHIEF FINANCIAL OFFICER

DATE: 31 August 2006

ACCOUNTING POLICIES

1. Basis of Presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and the Report on the Standardization of Financial Statements of Local Authorities (4th Edition, as amended).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in paragraph three below.
- 1.3 The financial statements are prepared on the accrual basis :
 - Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes General Services, and the various funds, reserves and provisions.

3. Fixed Assets

3.1 Fixed Assets are stated :

- at historical cost, or
- at valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation.
- while in existence or fit for use.

3.2 Depreciation

Fixed Assets are not depreciated although the amount of "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation

- 3.3 All net proceeds from the sale of vacant fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited to the Capital Development Fund.
- 3.4 Capital assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated life of the assets acquired from such loans or advances. Interest is charged to the service at the ruling interest rate applicable at the time that the advance is made.
- 3.5 Capital equipment acquired by way of finance lease is brought into the accounting records as fixed assets which have been financed by long-term liabilities.
- 3.6 Assets are written off with the express and prior approval of the Council only.

4. Funds and Reserves**4.1 Capital Development Fund**

The Natal Ordinance No. 25 of 1974, Section 103(9), requires a minimum contribution of 3 per centum of the defined income of a municipality, in this case rounded off to the nearest ten Rand. The Fund is used to finance capital expenditure, and the surplus funds are invested.

4.2 Public Improvement Fund

The Public Improvement Fund provides funding for future township development. All development costs as defined in section 103 (3)(d) of the Local Government Ordinance, Natal, No.25 of 1974, are debited against the fund. All proceeds from the sale of developed land are credited as income for the fund. The Fund is used to finance capital expenditure, and the surplus funds are invested. There is, however, a proviso as to what type of asset may be funded from this Fund.

4.3 Working Capital

Appropriations are made as and when required from operating expenditure to the working capital account.

4.4 Establishment Grant

The Establishment Grant is a conditional Grant received from the Department of Local Government allocated to assist in the Establishment of this Municipality. This grant was utilised to fund the purchases of Computer Equipment and Furniture and Fittings for the newly built municipal offices.

4.5 IDP Grant

The Integrated Development Grant is a conditional Grant received from the Department of Local Government and housing allocated to assist in the development of the municipal area by establishing the delivery of free basic services.

4.6 Transitional Grant

The Transitional Grant is a conditional Grant received from the Department of Local Government allocated to assist in the Establishment of this Municipality. This grant is utilised to fund the capital expenditure involved in building the new Municipal buildings and the purchase of Computer Equipment and systems.

4.7 Equitable Share

The Equitable Share is funds received from the Department of Local Government allocated to assist in the funding of the operating expenditure and to subsidise a portion of the delivery of free basic services.

4.8 Panel Support Grant

The Panel Support Grant is a conditional Grant received from the Department of Local Government allocated to assist in funding Capacity building.

4.9 Tax Base Relief Grant

This grant is unconditional and is a 'once off' grant.

4.10 Umkhanyakude District Grant

This grant was given for the introduction of a Performance Management System.

4.11 Municipal Capacity Support Grant

This grant is for the appointment of a Development Practitioner to assist with the promotion of orderly and sustainable development, to process Land Development applications, To co-ordinate comment i.r.o Permission to Occupy and Sandwinning applications and Development Facilitation Act applications. Further, to provide advice, input and comment on legislation, policies and matters relating to land development, including internal and external capacity building. This grant also provides for the purchase of a vehicle for the incumbent.

4.12 Performance Management Grant

This grant will be for the implementation of a Performance Management System in the municipality.

4.13. Land Use Management Grant

This grant together with the GIS grant will be used for the establishment of a Geographic information system, including Hardware/Software acquisition, systems set-up, configuration, data acquisition, training, testing and commissioning of system.

4.14. Library Grant

This grant was given by Library Services for an extension to the present Library. This extension is mainly for students who need a quiet place to study, which permits access to the Library reference section. There is a project by the Department of Education for partition off part of the new extension and implement a computer training facility.

4.15. GIS Grant

see 4.13 above.

5. Investments

Investments are shown at cost and are in securities prescribed in Section 125 of Natal ordinance No. 25 of 1974. They are considered to be risk-free.

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974) and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

6. Retirement Benefits

All employees, with the exception of the Contract employees, contribute to the Natal Joint Municipal Pension Funds. A full actuarial valuation is conducted by the funds actuaries every three years. These funds are presently in a stable financial position. An interim valuation was conducted as at 31 March 2004. The last full valuation was in March 2002. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs. Councillors may join the Councillors Pension Fund, which is managed in accordance with the Pensions Fund Act, 1956.

7. Provisions

7.1 Certain provisions and reserves have been established where required, or considered necessary, and these include -

Bad Debts Provision - provision for bad debts is made when the recovery of debt appears doubtful.

Leave Pay Provision - provision for leave is the value of all leave due and payable to employees as at 30 June of each year.

8. Income Recognition

8.1 Assessment rates are levied on land and buildings and are billed both monthly and annually.

8.2 Services are billed monthly. Any other income is by direct payment prior to service being rendered.

BALANCE SHEET as at 30 June 2006

		30-Jun-06	30-Jun-05
	Notes		
CAPITAL EMPLOYED FUNDS & RESERVES		5,379,767	7,798,107
Statutory Funds	1)	3,503,885	3,101,097
Reserves	2)	1,660,883	4,482,010
Trust funds	3)	215,000	215,000
RETAINED INCOME	16)	(2,384,216)	753,594
LONG TERM LIABILITIES	4)	7,781,386	3,470,417
		<u>10,776,937</u>	<u>12,022,117</u>
EMPLOYMENT OF CAPITAL FIXED ASSETS	App.C	3,741,765	3,741,765
LONG TERM DEBTORS	7)	16,721	49,437
NET CURRENT ASSETS/LIABILITIES		7,018,451	8,230,916
CURRENT ASSETS		10,875,491	12,049,019
CURRENT LIABILITIES		(3,857,040)	(3,818,103)
		<u>10,776,937</u>	<u>12,022,117</u>

INCOME STATEMENT

for the year ended : 30 June 2006

2004/2005	2004/2005	2004/2005		2005/2006	2005/2006	2005/2006	2005/2006
Actual	Expenditure	Actual		Actual Income	Expenditure	Actual	Budget
Income		Surplus/Deficit				Surplus/Deficit	surplus/deficit
6,108,601	6,031,353	77,248	RATES & GENERAL SERVICES	7,769,645	11,121,995	(3,353,151)	-
5,876,085	5,770,429	105,656	Community Services	7,509,977	10,617,783	(3,107,806)	202,550
11,675	136,160	(124,485)	Subsidised services	4,275	157,748	(153,473)	(169,250)
220,841	124,764	96,077	Economic Services	255,392	347,462	(92,070)	(13,300)
-	-	-	TRADING SERVICES	145,435	-	145,435	-
-	-	-	Water	37,731	-	37,731	-
-	-	-	Sewerage	107,905	-	107,905	-
6,108,601	6,031,353	77,248	TOTAL	7,915,280	11,121,995	(3,207,716)	-
		(17,494)	Appropriation for this year (refer note 16)			69,905	
		59,754	Nett surplus/(deficit) for the year			(3,137,810)	
		693,810	Accumulated Surplus/(Deficit) beginning of the year			753,994	
		753,994	ACCUMULATED SURPLUS (DEFICIT) END OF YEAR			(2,384,216)	



CASH FLOW STATEMENT
for the year ended : 30 June 2006

	Note	2006	2005
		R	R
CASH GENERATED (UTILISED) IN OPERATING ACTIVITIES		(2,721,954)	1,974,269
Cash (utilised) by operations	17	(4,346,300)	616,819
Investment income		372,682	294,903
(Decrease)/Increase in working capital	18	4,406,167	(1,771,846)
		<u>432,550</u>	<u>(860,124)</u>
Less: External Interest Paid	15	(183,377)	(218,638)
Cash generated/(utilised) in operations		249,173	(1,078,762)
Cash contributions from the public and the state	19.2	(2,971,127)	3,053,031
Net proceeds on disposal of fixed assets			
CASH UTILISED IN INVESTING ACTIVITIES	17	(167,566)	(781,012)
Investments in fixed assets	5	(167,566)	(781,012)
NET CASH INFLOW/(OUTFLOW)		<u>(2,889,520)</u>	<u>1,193,257</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase(Decrease) in Long-term loans	19.1	6,030,504	218,638
(Increase)Decrease in Investments	21	(3,317,830)	(1,374,554)
(Increase)/Decrease in cash and cash equivalents	22	176,846	(37,341)
NET CASH (UTILISED)GENERATED		<u>2,889,520</u>	<u>(1,193,257)</u>

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2006

1) Accumulated Funds

Public Improvement Fund
Capital Development Fund

(Refer to appendix A for more details)

2005/2006	2004/2005
2,491,399	2,375,651
1,012,486	725,446
3,503,885	3,101,097

2) Reserves

TOP Grant
Equitable share
Panel support
Municipal Capacity Support Grant
Performance Management Grant
Land Use Management Grant
Library Grant
GIS Grant
Working Capital Reserve
MAP
SDL
Develop Admin Capacity
Finance management
Local aids council
Spatial dev makana
Community Dev Worker
MSIG
mun val roll/property rates
MFMA
Project consolidate
Municipal capacity grant
Cis dev support grant

(Refer to appendix A for more details)

Unconditional grants (Ratified figures) disclosed under 1/term liabilities
Reserves

2005/2006	2004/2005
449,425	285,514
1,215,910	1,159,420
	396,435
324,208	318,681
189,887	123,853
50,000	-
-	83,335
296,229	524,594
444,973	274,300
643,869	909,113
104,872	100,000
286,744	294,265
29,250	
200,000	
6,481	
585,188	
170,000	
100,000	
80,250	
413,751	
300,000	
5,823,738	4,482,010
(4,162,855)	
1,660,883	4,482,010

3) Trust Funds

Estate late: P Mshali

2005/2006	2004/2005
215,000	215,000

4) Long Term Liabilities

Annuity Loans
Transfer of Umkhanyakude portion to Umkhanyakude loan account
ADD: Interest
Unconditional Grants as at 30/06/06 (refer note reserves)(2)

Less: Short term portion transferred to Current Liabilities

Long term liabilities

(Refer to appendix A for unconditional grants which form part of balance)
(Refer to appendix B for more details ON Long Term Liabilities)

2005/2006	2004/2005
3,911,630	3,492,681
183,377	218,639
4,162,855	
8,257,862	3,911,630
476,477	441,214
7,781,385	3,470,416

ANNUITY LOANS

These loans are unsecured and are held with Umshekhini Municipal Support Services. No payments have been made on this loan for 3 years due to lack of funds. Therefore, the value of the loans is increasing by the interest which is accruing on the loan. Annuity loans bear interest at rates of between 10% and 15% per annum and should be redeemed in 2011

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2006

Notes continuing

5) **Fixed Assets**

Fixed assets at the beginning of the year
Capital Expenditure during the year

Less: Assets written off, transferred or disposed of during the year
Transfer of Umkhanyokude portion to Umkhanyokude loan a/c
Total Fixed Assets

Less: Loans redeemed and Other Capital Receipts

Net Fixed Assets

(Refer to Appendix C for more detail)

2005/2006	2004/2005
17,062,016	16,281,005
167,566	789,521
-	(8,510)
17,229,582	17,062,016
13,487,817	13,320,251
3,741,765	3,741,765

6) **Investments**

Unlisted:

Call accounts

2005/2006	2004/2005
8,403,655	5,085,825
8,403,655	5,085,825

Management Valuations of Unlisted Investments

Average Rate of Return on Investments

Funds are invested according to section 10G(9)(a) of the Local Government Transitional Act, Second Amendment Act, 1996 (Act 97 of 1996)

No investments were written off during the year.

7) **Long Term Debtors**

Staff Car loans at the beginning of the year
Add: Interest capitalised for the year
Adjustment prior period

Add: New loans

Less: Paid during the year

Less: Short term portion of of long term debtors transferred to current assets

2005/2006	2004/2005
124,617	221,148
3,055	34,280
-	(17,494)
127,672	237,934
102,811	93,316
10,107	75,780
15,754	68,838

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2006

8) Debtors

Debtors
Umkhanyokude
Phumlani
Deposits
Sundry debtors
Accrued Interest
Umzekeli Capital Underfunding
DPLG
Other
Hlabisa
Umhlaluyalingane
Nongoma
Tid of Pints from previous years
Prior Year Adjustments
Vat Input
Vat Output
Vat Paid Over
Services Medical Aid
Councillors Pension Fund
Spareing council
Payroll

2005/2006	2004/2005
1,734,679	1,679,088
369,104	2,301,472
	2,161,003
31,617	9,629
7,098	11,338
697,892	676,907
9,073	
1,760	
1,510	
9,080	
760	
	62,993
	252,357
73,850	
752,223	340,473
	22,543
8,642	
3,687,370	7,944,040
1,253,845	1,261,077
2,433,525	6,682,963

Less: Provision for Doubtful Debts

The amounts receivable in respect of the Phumlani Housing Project are still to be finalised and reconciled with the Department of Housing.

9) Provisions

Leave Gratuity
Bad Debts
Less: Provision for doubtful debts transferred to Debtors (Note 8)

2005/2006	2004/2005
86,898	134,931
1,253,845	1,261,077
1,340,743	1,396,008
1,253,845	1,261,077
86,898	134,931

10) Creditors

Other trade creditors etc.
Umzekeli Municipal Support Services/Unallocated receipts
Housing subsidies received in advance

2005/2006	2004/2005
518,064	443,568
1,615,318	1,615,318
	2,790
1,180,283	1,180,283
3,293,665	3,241,959

The housing subsidies in advance is still a matter pending with the Department of Housing and the final reconciliation of the Phumlani Housing Project.

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2006

11) Bank and cash

Main bank account
Cash on hand

2005/2006	2004/2005
27,695	204,449
508	600
28,203	205,049

12) Assessment rates

Site valuations as at 1 July 2005

	LAND	IMPROVEM		
Residential	3980500	19764400	483,597	253,623
Commercial	1950500	13879500	458,508	576,820
Government	719100	4381700	179,506	177,731
Municipal	364000	936700		
Other	137500	1140000		
			1,121,611	1,013,172
Land	7153600			
Buildings	40102300			

Valuations on land and buildings are performed every 3 years and the last general valuation came into effect in 1 July 2005. The basic rate was 22.49c per rand on land and 1.43c per rand on buildings. Rebates granted were 20% on Government, 10% on Domestic and 50% on Agricultural properties. Non-profit organisations e.g. churches are exempt from rates.

Phumani debtors accounts have been written off and this effected the rates raised.

13) Councillor's Remuneration

Mayor's Allowance
Deputy Mayor's Allowance
Councillors
Executive Committee
Standing Committee
Local Municipality Attendance
Speaker Allowance/Medical Aid Contributions
Pension fund contributions
Use of personal facilities

2005/2006	2004/2005
76,332	75,072
65,925	88,335
	164,529
21,154	18,170
163,411	346,106

14) Auditor's Remuneration

Audit Fees
Balance prior year
Prior year

2005/2006	2004/2005
579,448	
	276,374
579,448	276,374

15) Finance Transactions

Total external interest earned or paid:
Interest earned
Interest paid

2005/2006	2004/2005
372,682	329,799
183,377	218,639

Capital Charges debited to operating account:

Interest:
External
Internal

2005/2006	2004/2005
183,377	218,639
183,377	218,639
183,377	218,639

Redemption:
External
Internal

as at 30 June 2006

APPROPRIATION ACCOUNTS

2003/2004	2004/2005
753,592	693,838
(3,207,716)	77,248
69,905	(17,494)
69,905	(17,494)
(2,384,218)	753,592

167,566	50,834
492,878	873,572
240,000	44,486
	483,947
102,878	145,139
150,000	150,000
560,244	874,608

Surplus/(Deficit) for the year

Adjustments for:		
Previous year's operating transactions	69,905	(17,494)
Appropriations charged against income:	660,444	874,406
Capital development fund	240,000	44,486
Working capital reserve	150,000	150,000
Provisions	102,878	629,086
Capital Outlay	167,566	50,834
Capital Charges	183,377	218,639
Interest paid	183,377	218,639
To internal fund		
On external loans	183,377	218,639
Redemption		
On internal advance		
On external loans		
Investment income charged to operating account		(25,153)
Non operating income		(4,245,531)
Grants		(4,425,720)
Credited to Fund, Provisions and Reserves		380,189
Non operating expenditure	(2,052,310)	333,871
Debited to Funds	(81,630)	
Debited to Provisions and Reserves	(1,970,680)	333,871
	(4,346,300)	(3,881,726)

Amount to Cashflow Statement

ATTENTION TO CASHFLOW SENSITIVITY

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2006

18) (Decrease)/Increase in Working Capital

2005/2006

2004/2005

Decrease/(Increase) in Deposits
(Increase)/Decrease in Debtors
Decrease/(Increase) in Long Term Debtors
(Decrease)/Increase in Creditors

Amount To Cashflow Statement

4,256,671	(1,974,794)
97,789	96,330
51,707	126,418
4,405,167	(3,771,846)

19) Increase/(Decrease) in Long Term Liabilities

19.1 Loans raised(Long term portion & shortterm portion)
Interest on loans
Loans repaid

Amount To Cashflow Statement

6,030,504	218,638
6,030,504	218,638

19.2 Cash contributions from the public and the state:
Decrease in reserves
Contributions to working capital

(2,971,127)	
(2,821,127)	
(150,000)	

20) (Decrease)/Increase in Short term borrowings comprise

Loans raised
Loans repaid

Amount To Cashflow Statement

21) (Increase) in cash investments comprise:

Investments realised
Investments made

5,876,922	5,420,000
(2,559,093)	(6,794,554)
(3,317,830)	(1,374,554)

22) (Decrease) in Cash and Cash Equivalents

Balance at beginning of year
Balance at end of year

205,049	167,708
78,203	205,049
176,846	(37,341)

23) Contingent Liabilities and Contractual Obligations

There are no contingent liabilities as at 30 June 2006
Confirmed : CFO

	524,115
	524,115

24) Capital Commitments

Chief Financial Officer confirms that there are no capital commitments as at 30 June 2006

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2006

25) Retirement benefits

The personnel are members of the Netel Joint Municipal Pension Fund. The last actuarial valuation was on 31 March 2002. An interim valuation is carried out at the end of each year, the last one being 31 March 2004.

26) Capital Development Fund

Accumulated Funds
Less: External investments
Outstanding advances to borrowing services

2005/2006	2004/2005
1,012,415	725,416
(1,012,415)	(725,446)

(refer to appendix A & B for more detail)

27) Public Improvement Fund

Accumulated Funds
Less: Loans outstanding to Umakweli Municipal Support Services
Less: External investments
Less: Value of assets
Land
Roads and Streets
Electrical infrastructure
Outstanding advances to borrowing services

2005/2006	2004/2005
2,491,227	2,375,651
464,017	451,432
1,723,418	1,595,247
1,231,836	1,231,836
430,966	430,966
709,731	709,731
91,139	91,139

(refer to appendix A & B for more detail)

28) Managers Salaries & Allowances

Municipal Manager

Gross
Travel Allowance
Cell Allowance
Leave
Bonus

2005/2006
459,375
366,300
60,000
33,075

CFO

Gross
Travel Allowance
Cell Allowance
Leave
Bonus

2005/2006
449,696
330,600
60,000
6,000
18,196
34,697

Corporate Manager (6 months only)

Gross
Travel Allowance
Cell Allowance
Leave
Bonus

2005/2006
180,000
108,000
72,000
-
-

IDP Manager (1 Month Only)

Gross
Travel Allowance
Cell Allowance
Leave
Bonus

2005/2006
25,000
20,000
5,000
-
-

Big 5 False Bay Municipality
APPENDIX A
ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISION
as at 30 June 2006

	Balance at 30-06-2005	Contributions during the year	Interest on investment	Other Income	Expenditure during the year	Trf to Revenue	Balance at 30-06-2006
ACCUMULATED FUNDS							
Public Improvement Fund	2,375,651		115,748				2491399
Capital Development fund	725,446	240,000	47,039				1012486
Total	3,101,097	240,000	162,787	-	-	-	3503885
RESERVES							
Working Capital Reserve	274,300	150,000	20,673				444973
Assets Financing Fund							0
Equitable Share Grant Received	1,159,420		56,490				1215910
Establishment Grant Received							0
Transitional Grant Received							0
Free Basic Services Grant Rec							0
IDP Grant Received	285,514	150,000	13,911				449425
Capacity Support Grant Receive	396,435		19,315				415751
Tax Base Relief							0
OrPLGA Administration Grant							0
Municipal Capacity Bldg Grant	318,681		15,327				334008
Performance Management Grant	123,833	40,000	6,034				169867
Land Use Management Grant		50,000					50000
Library Grant	85,535					85,535	0
GIS Grant	534,594		26,047		263,711		296929
Pension Fund							0
Finance Management Grant Rec	294,265	250,000	14,337		271,858		286744
Dev Admin CAP Received	100,000		4,872				104872
MAP Received	909,413	250,000	32,687		1,008,231		683869
Inter departmental monitoring		40,000			43,884	(3,884)	0
Local aids council		30,000			750		29250
Spatial dev makasa		200,000					200000
Community Dev Worker		12,000			5,519		6481
MSIG		734,000			148,812		585188
mun val roll/property rates		170,000					170000
MFMA		100,000					100000
Project consolidate		150,000			69,750		80250
GIS DEV/SUPPORT		200,000					200000
	4,482,010	3,026,000	209,895	-	1,812,516	81,650	5823738
TRUST FUNDS							
Estate Lot : P Mshali	215,000						215000
	215,000	-	-	-	-	-	215000
PROVISIONS							
Leave Pay	134,932	102878			150,911		86598
	134,932	102,878	-	-	150,911	-	86898
TOTAL	7,933,038	3,368,878	372,682	-	1,963,428	-	9629520

Note: Unconditional Grants reflected as long term liabilities in Balance sheet

4,162,855

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS					Balance 30-06-2005	Received during the year	Redeemed Written off during the year	Balance 30-06-2006
%Age Period of Loan								
Repayment Date								
uMsekeli Municipal Support Services								
SR83	Sewerage Works	10	15	2003	-			-
SR114	Sealing Beyton rd	10	15	2004	14,098			14,098
SR115	Taxi rank improvements	10	20	2009	21,982	945		22,927
SR135	Sewerage Works	10	15	2004	-			-
SR156	Township roads	10	20	2010	18,219	869		19,088
SR157	Sewerage Works	10	15	2005	-			-
SR209	Nyala street	10	20	2011	47,121	2,421		49,542
SR331	Township roads	10			-			-
SR366	Township roads	10			-			-
SR381	library	10	15	2010	285,225	13,608		298,833
SR382	Township roads	10	7		152			152
SR383	Parking area	10	10	2005	4,700			4,700
SR441	Roads	10	10	2005	762,702	27,968		790,670
SR446	Koedoe Street	10	10	2009	39,643	1,753		41,396
SR447	Nyala/St Lucia Street	10	10	2009	728,738	32,218		760,956
SR448	Service road	10	10	2004	204,913	9,059		213,972
SR449	Cemetery Wall	10	5	2010	7,518			7,518
SR455	Nyala/St Lucia Street	12.5	10	2010	225,973	13,302		239,275
SR456	Sewerage Works	12.5	10	2010	-			-
SR478	Roads :Park Ross	12.5	8	2009	1,050,792	66,113		1,116,905
SR479	Solid waste	10	10	2011	48,422	2,524		50,946
SR480	Outfall Sewer	10	10	2011	-			-
SR481	Sewer Extension	10	10	2011	-			-
SR210	Water Supply	10	15	2006	-			-
SR266	Water Works	10	15	2004	-			-
SR430	Reservoir	10	5	2004	-			-
SR451	Prepaid Meters	15	10	2009	-			-
SR463	Land Ext 4	10	10	2007	451,432	12,595		464,027
					3,911,630	183,377	-	4095007.02
INTERNAL ADVANCES TO BORROWING SERV.								
					Balance 30-06-2005	Received during the year	Redeemed Written off during the year	Balance 30-06-2005

APPENDIX C
ANALYSIS OF FIXED ASSETS
as at 30 June 2006

Expended 2005	Service	Budget 2006	Balance as at 01-07-2005	Expended 2005/2006	Written off, transferred, redeemed or disposed during the year	Balance as at 30-06-2006
781,011	RATES & GENERAL SERVICES	390,000	15,830,180	167,566	-	15,997,746
434,612	Community Services	340,000	6,163,671	167,566	-	6,331,237
	Council Management	340,000	608,157	137,027		745,184
	Finance		378,832			378,832
	Corporate		248,310			248,310
434,612	Technical		4,928,372	30,539		4,958,911
345,399	Subsidised services	-	9,666,509	-	-	9,666,509
	Health					
306,054	Library		306,054			306,054
40,345	Cemetery		9,360,455			9,360,455
	Parks & Recreation					
	Economic services	50,000				
	Refuse removal	50,000				
	Sewerage					
	HOUSING					
	Housing					
	TRADING SERVICES					
	Water					
	Electricity					
	PUBLIC IMPROVEMENT FUND	-	1,231,836	-	-	1,231,836
781,011	TOTAL FIXED ASSETS	390,000	17,062,016	167,566	-	17,229,582
	Less: LOANS REDEEMED and other CAPITAL RECEIPTS		13,320,251	167,566	-	13,487,817
	Loans redeemed		495,859			495,859
	Contributions from current income		218,271	167,566		385,837
	Grants/subsidies		7,840,645			7,840,645
	Disposal of assets		3,700			3,700
	Asset revaluation surplus		4,761,776			4,761,776
	NETT FIXED ASSETS		3,741,765	-	-	3,741,765

The Big 5 False Bay Municipality

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
for the year ended 30 June 2006

Actual 2005		Actual 2006	Budget 2006
6,108,600.00	INCOME	7,915,279.74	13,472,450.00
1,174,743.19	Levy Income	1,173,678.47	1,055,000.00
4,625,720.00	Grants & Subsidies	6,200,166.00	11,463,900.00
87,295.89	Water Sales	37,730.82	573,550.00
220,841.00	Other Income	140,407.99	-
	Sewerage	107,904.62	-
	Refuse	255,382.04	280,000.00
6,031,350.89	GROSS EXPENDITURE	11,122,995.33	13,472,450.00
2,023,039.92	Salaries wages & Allowances	2,920,677.06	3,834,100.00
2,676,200.44	General expenses	7,074,472.59	7,945,950.00
183,545.19	Repairs & Maintenance	284,024.95	316,000.00
274,181.77	Capital Charges	183,376.94	462,600.00
30,833.58	Contribution to fixed assets	187,566.00	380,000.00
823,572.98	Contributions	492,877.79	523,800.00
	Capital projects	-	-
	Less amounts charged out		
77,249.19	NET EXPENDITURE	(3,207,715.59)	-

APPENDIX E
DETAILED INCOME STATEMENT
FOR THE YEAR ENDING 30 JUNE 2006

2004/2005 Actual Income	2004/2005 Actual Expenditure	2004/2005 Actual Surplus/deficit		2005/2006 Actual Income	2005/2006 Actual Expenditure	2005/2006 Actual Surplus/deficit	2005/2006 Budget Surplus/deficit
6,108,601	6,031,351	77,248	RATES AND GENERAL SERVICES	7,769,645	11,122,995	(3,353,351)	-
5,876,885	5,770,412	105,658	Community Services	7,589,877	10,612,785	(3,022,908)	202,550
-	997,587	(997,587)	Council	-	521,987	(521,987)	(833,700)
4,625,720	2,457,818	2,167,881	Management	6,200,166	7,349,798	(949,632)	4,163,708
75,622	1,416,779	(1,341,157)	Finance	136,133	1,178,057	(1,041,924)	(1,106,156)
-	419,449	(419,449)	Corporate	-	839,009	(839,009)	(1,155,000)
-	478,773	(478,773)	Technical	-	926,935	(926,935)	(1,921,300)
1,174,743	-	1,174,743	Assessment rates	1,173,678	-	1,173,678	1,055,000
11,675	136,162	(124,487)	Subsidised services	4,275	152,748	(148,473)	(149,258)
9,600	81,122	(71,522)	Cemetery	3,684	2,750	1,434	(7,600)
2,075	83,247	(81,172)	Library	591	121,316	(120,725)	(162,650)
-	41,793	(41,793)	Parks& Gardens	-	34,183	(34,183)	(19,000)
228,841	124,764	96,077	Economic Services	255,392	347,462	(92,070)	(13,300)
228,841	124,764	96,077	Refuse Removal	255,392	347,462	(92,070)	(13,300)
-	-	-	Conservancy	-	-	-	-
-	-	-	TRADING SERVICES	145,635	-	145,635	-
-	-	-	Water	37,731	-	37,731	-
-	-	-	Sewerage	107,905	-	107,905	-
6,108,601	6,031,353	77,248	TOTAL	7,815,288	11,122,995	(3,207,707)	-
(17,454)			Appropriations for the year (refer note 16)	65,905			
39,754			Nett surplus/(Deficit) for the year	(3,137,810)			
633,838			Surplus/(Deficit) at the beginning of the year	753,392			
753,392			ACCUMULATED SURPLUS/(DEFICIT) at the end of the year	(2,384,218)			

THE BIG 5 FALSE BAY MUNICIPALITY

APPENDIX F STATISTICAL INFORMATION

GENERAL STATISTICS		2006	2005
1) Tariffs			
Rates :Land (Cents per square meter)		22.49	21.32
Rates, Buildings (Cents per square meter)		1.43	1.36
Rebates Domestic (on total value)		40%	40%
Rebates Government (On total value)		20%	20%
Refuse Tariffs			
Land Value (cents per square meter)		5.07	4.81
Flat Rate		7.91	7.5
Plus 14% Vat			
Sewerage tariffs			
Consumption (cents per kilolitre water)			18.48
Flat rate (R's)			21
Water Tariffs			
Lost Tokens (R's)			90
Meter Rental p/m (R's)			6.51
Disconnection fee (R's)			320
Reconnections (R's)			320
Pre-paid meters new (R's)			1500
Fines Tampering (R's)			1000
Deposit (R's)			300
Installation new Meter			800
Commercial			
0- 6000kl (R's)			0
6001-30000kl (R's)			8.89
30001-50000kl (R's)			8.55
50001-over (R's)			10.21
Plus 14% vat			
Residential			
0- 6000kl (R's)			0
6001-30000kl (R's)			4.94
30001-50000kl (R's)			7.23
50001-over (R's)			10.89
Plus 14% vat			
Library			
Fines per day (cents)		0.5	0.5
Cemetery			
Purchase of site(R's)		700	700
Miscellaneous			
Rates Clearance certificate (R's)		35	30
Photo-copies -per folio (R's)		1	1
Copies of documents-per folio (R's)		1	1
Activity rooms-morning sessions (R's)		100	100
Activity rooms-afternoon sessions (R's)		100	100
Activity rooms-evening sessions (R's)		200	200
Activity rooms-day/night sessions (R's)		500	500
Deposit(R's)		300	300
Office rental(R's)		1800	1800
Parkhome rental			1800